



# THE ASSAM GAZETTE

অসাধাৰণ

EXTRAORDINARY

প্ৰাপ্ত কৰ্তৃত্ব দ্বাৰা প্ৰকাশিত

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GOVERNMENT OF ASSAM

ORDERS BY THE GOVERNOR

INDUSTRIES, COMMERCE AND PUBLIC ENTERPRISE DEPARTMENT

**NOTIFICATION**

The 23rd February, 2025

**eCF No. 473783/99.-** The Governor of Assam is pleased to notify “**The Assam Aerospace and Defence Manufacturing Policy 2025**”. The Policy will come into effect from the date of publication in the official Gazette for a period of 5 (five) years.

**RAVI KOTA,**  
Chief Secretary, Assam.

## **1. INTRODUCTION:**

The Assam Aerospace and Defence Manufacturing Policy 2025 is a strategic initiative aimed at positioning Assam as a leading hub for aerospace and Defence manufacturing with an aim to establish Assam as a major hub for aerospace and Defence manufacturing by leveraging its strategic location and infrastructure. It aligns with national objectives to enhance indigenization, attract investments, and develop a self-reliant Defence ecosystem. The policy envisions creating opportunities in key sectors such as aircraft production, Defence equipment, and MRO services, supporting innovation, R&D, and global competitiveness while fostering long-term economic growth and national security.

The global Defence market is experiencing a surge in demand for advanced and sophisticated Defence products. With increasing security challenges and technological advancements, countries worldwide are significantly enhancing their Defence capabilities. India's Defence sector, one of the largest in the world, has seen substantial budget allocations dedicated to the procurement of cutting-edge equipment. In this context, the Assam Aerospace and Defence Manufacturing Policy 2025 aims to harness the potential of this vast market.

Assam's geographical location, serving as a gateway to Southeast Asia, provides a strategic advantage for exporting Defence products. This policy aims to position Assam as a central player in the global Defence supply chain, catering to both domestic and international markets. By focusing on the development and production of a wide range of Defence equipment, including small arms, ammunition, aerospace systems, and unmanned aerial vehicles (UAVs), Assam is set to become a critical node in the Defence manufacturing network.

## **2. BACKGROUND:**

Indigenization in the Defence sector has emerged as a cornerstone of India's strategy to achieve self-reliance and enhance national security. This approach focuses on reducing dependence on foreign imports and building robust domestic capabilities in designing, developing, and manufacturing high-tech Defence equipment. The Government of India has implemented several key initiatives to promote indigenization, including the Defence Acquisition Procedure (DAP) 2020, which prioritizes procurement from domestic sources. Additionally, the notification of Positive Indigenization Lists has imposed embargoes on the import of a wide array of Defence items, encouraging local production.

Significant progress has been made in manufacturing various high-technology weapon systems and platforms within India. Notable achievements include the production of the 155mm Artillery Gun System 'Dhanush,' the Light Combat Aircraft 'Tejas,' the Surface-to-Air Missile System 'Akash,' and the Main Battle Tank 'Arjun.' These domestically produced systems not only meet the operational requirements of the Indian Armed Forces but also exemplify the advanced capabilities of Indian Defence manufacturers.

Economically, indigenization reduces the outflow of foreign exchange and fosters the growth of the domestic Defence industry, which in turn creates jobs and stimulates technological innovation. Strategically, it enhances national security by minimizing dependency on foreign suppliers, ensuring a more reliable and secure supply chain for critical Defence equipment. Moreover, the SRIJAN portal for indigenization supports the development of a robust Defence manufacturing ecosystem.

### **3. VISION AND OBJECTIVES OF THE POLICY:**

The Assam Aerospace and Defence Manufacturing Policy 2025 is a strategic initiative aimed at positioning Assam as a leading hub for aerospace and Defence manufacturing. This policy is designed to capitalize on Assam's strategic geographical location, rich natural resources, robust infrastructure, and stable governance to attract significant investments and foster a competitive and innovative environment.

The policy aligns with national objectives, including the Ministry of Defense's target of achieving a turnover of \$26 billion in aerospace and Defence manufacturing by 2025, which encompasses \$5 billion in exports. By developing a robust ecosystem and implementing supportive government policies, Assam aims to contribute significantly to this national goal.

The policy mission includes promoting innovation and research, enhancing infrastructure, attracting investments, developing a skilled workforce, promoting sustainable practices, and strengthening local supply chains. It identifies key sectors such as aircraft manufacturing, Defence equipment production, avionics, MRO services, simulation, and R&D, targeting both domestic and international markets.

### **4. POLICY VALIDITY:**

The Assam Aerospace and Defence Manufacturing Policy 2025 shall come into force from the date of notification and will remain in force for a period of 5 years.

### **5. FINANCIAL IMPLICATIONS:**

#### **5.1 Fiscal Support**

The Assam Aerospace and Defence Manufacturing Policy 2025 provides a range of fiscal incentives to attract investments and support the growth of aerospace and Defence industries in the state. These incentives are designed to reduce the cost burden on businesses, promote innovation, and enhance the competitiveness of the sector.

#### **5.1.1 Fiscal Support for Defence Sector Start-ups:**

##### **5.1.1.1. "Seed Grant" Initiative for Early-Stage Defence Startups**

In Assam, a "Seed Grant" program will be established, offering up to ₹25,00,000 (Rupees Twenty- Five Lakh Only) in phased funding to recognized and eligible Defence startups. This grant is intended to support the development of a Minimum Viable Product, procurement of necessary equipment and raw materials, and costs associated with product testing and certifications.

The Government of Assam shall collaborate with IDEX, under the Ministry of Defence, Government of India, to promote and further support Defence startups from Assam.

**5.1.1.2. Go-to-Market Support**

Eligible and recognized Defence startups in Assam with approved Minimum Viable Products will be offered financial assistance of up to ₹2,50,00,000 (Rupees Two Hundred Fifty Lakh Only). This support will be provided in the form of equity or convertible debentures, aimed at helping these startups enter and establish themselves in new markets.

**5.1.1.3. Other Support and Benefits for Defence Startups**

Recognized and eligible Defence startups in Assam will receive a subsidy covering 50% of their monthly rental costs, up to a maximum of ₹20,000 (Rupees Twenty Thousand Only) per month, for a duration of up to eighteen months. This subsidy is applicable for spaces at The Nest or recognized incubators in the state.

**5.1.1.4. Assam Defence and Electronics Startup Growth Fund (Fund-of-Funds Scheme)**

The "Assam Defence and Electronics Startup Growth Fund" will start with an initial corpus of ₹50 Crores, subject to increase based on the scheme's performance and requirements.

**5.1.2 Fiscal Supports for Defence MSMEs/DOSUs/Defence Large Private Companies****5.1.2.1. Capital Subsidies****For Plant and Machinery: Anchor Units and MSMEs**

**Subsidy Amount:** 30% on capital investment on Plant and Machinery

**Disbursement:** The capital subsidy will be disbursed equally over three years based on the fixed capital investment.

**5.1.2.2. Stamp Duty and Registration Fee Concessions**

100% reimbursement of stamp duty on lease/sale agreement of land or built-up space allotted by Government/AIDC/AIIDC/designated development authorities to eligible projects/units under this policy.

**5.1.2.3. Transport Subsidy****► Outward Transport Subsidy**

**Subsidy Amount:** 50% of the expenditure on the transport of raw materials, equipment and finished goods outside Assam.

**5.1.2.4. Power-Related Incentives****► Power Tariff Incentives**

**Subsidy Amount:** Re. 1/- per unit consumed from the DISCOM.

**► Electricity Duty Waiver: 100% Waiver of electricity duty****5.1.2.5. Patent and Technology Transfer Subsidy**

**Subsidy Amount:** 75% of the cost of technology transfer for the first 10 units.

**Subsequent Units:** 50% for the next 10 units during the policy period.

**5.1.2.6. Environmental Compliance Support**

**Subsidy Amount:** 50% of the cost of Effluent Treatment Plants (ETPs).

**Cap:** Up to Rs. 2.5 crore per unit.

**5.1.2.7. SGST Reimbursement for Eligible Units**

**Reimbursement:** 100% reimbursement of SGST.

**Cap:** Up to 150% of fixed capital investment over 10 years for eligible units.

**5.1.2.8. R&D Support**

**Grant Amount:** Up to 50% of the project cost excluding land and building for a period of 5 years

**5.1.2.9. Marketing Assistance**

**Support Amount:** 50% of the total rent, literature, and display material cost.

**Cap:** Up to Rs. 3 lakh per annum for domestic trade fairs and Rs. 5 lakh per annum for overseas trade fairs.

**5.1.2.10. Land Subsidy:** Government of Assam shall provide land at 50% discount for Defence Industries.

**5.1.2.11. Skill Development Incentive:** A subsidy of Rs. 10000 per employee per month for 6 months with a cap of 100 employees.

**5.1.2.12. Green Manufacturing Subsidy: Additional Subsidy on ETP/STP/Solar Power/Plantation:** 50% subsidy on total cost.

**5.1.2.13. Production Linked Subsidy:** 5% of Annual Revenue for a period of 5 years from commercial production.

**5.1.2.14. Export Promotion:** 2% of export revenue for a period of 5 years from commercial production.

**5.1.3 Fiscal Support for MROs****5.1.3.1. Capital Investment Subsidy**

All MRO units in Assam will be eligible for a capital investment subsidy at the following rates:

- ▶ 15% for capital investments up to ₹500 crore.
- ▶ 20% for capital investments between ₹500 crore and ₹1,000 crore.
- ▶ 25% for capital investments exceeding ₹1,000 crore, subject to a maximum amount of ₹500 crores.

*Note: The cost of land acquisition will not be included in the term "capital investment." The capital investment subsidy will be disbursed in five equal instalments, with the first instalment disbursed in the financial year immediately following the commencement of commercial operations.*

**5.1.3.2. Interest Subsidy**

MRO units will receive an interest subsidy of up to 5% on term loans taken for setting up or expanding MRO facilities, subject to a maximum of ₹50 lakh per year for a period of five years.

### **5.1.3.3. Reimbursement of State GST**

The State GST (SGST) component of GST paid by recognized MRO units will be reimbursed as per the provisions laid out in clause 8.2.2.9 of this policy.

### **5.1.3.4. Power Tariff Subsidy**

MRO units will be eligible for a power tariff subsidy of ₹1 per unit for a period of five years from the date of commencement of commercial operations. Additionally, MRO units will be exempted from electricity duty for a period of five years.

### **5.1.4 Customized Incentives for Eligible Projects**

For eligible Projects with investment of Rs. 500 Crores and above, Government of Assam reserves the right to further incentivize through following, but not limited to, support mechanisms on a case-to-case basis:

- Ecosystem Infrastructure Development
- Infrastructure Development
- Provision of Green Energy
- Accommodation Support during development and implementation phase of the project
- Connectivity Infrastructure Development

To aggressively promote investments in the A&D sector within the state, the Empowered Committee, with the approval of the State Cabinet, will extend additional subsidies on a case-to-case basis.

## **6. INTERPRETATION:**

The decision of the Industries, Commerce & Public Enterprise Department, Government of Assam in regards to interpretation of any clause of the policy shall be final and binding.

## **7. RIGHTS OF THE STATE GOVERNMENT:**

a. Industries, Commerce & Public Enterprise Department, Government of Assam reserves the right to amend any provision(s) including amendment or withdraw any of the incentives subsidies as and when necessary for development of industries and in the interest of the general people of the State from time to time under the provision of the Policy.

b. Industries, Commerce & Public Enterprise Department, Government of Assam reserves the right to review the matter regarding sanction/ disbursement of subsidies/ incentives to the eligible industrial unit(s) and in this connection, the State Government's decision shall be final and binding.

c. Industries, Commerce & Public Enterprise Department, Government of Assam reserves the right to modify the non-eligible list of the industries, include or delete activities under thrust sector, as and when required in the interest of overall economic growth of the State and

preservation of environment and ecology. In case of modification of the same Industry, Commerce & Public Enterprise Department will consult Finance Department and move accordingly.

d. Industries, Commerce & Public Enterprise Department, Government of Assam reserves the right to make/ amend the necessary rules for implementation of this policy as and when required.

#### **8. GUIDELINES FOR IMPLEMENTATION:**

A set of guidelines including application forms and procedures for getting various incentives will be issued separately.